

Wine Gallonage Tax Revenue House File 682

Last Action:

House Floor

April 21, 2003

Executive Summary Only

An Act providing wine gallonage tax revenue to support grape and wine development, and providing an effective date and retroactive applicability.



On Line At
staffweb.legis.state.ia.us/lfb/noba

LEGISLATIVE FISCAL BUREAU NOTES ON BILLS AND AMENDMENTS (NOBA)

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EXECUTIVE SUMMARY NOTES ON BILLS AND AMENDMENTS

HOUSE FILE 682 WINE GALLONAGE TAX REVENUE

SIGNIFICANT CHANGES TO THE CODE OF IOWA

NATIVE RETAIL WINE PERMIT

FISCAL IMPACT

RETROACTIVE APPLICABILITY DATE

- Specifies that the Grape and Wine Development Fund receive an annual allocation from wholesale wine gallonage taxes when there is an increase over the previous fiscal year.
- Current law allows wine gallonage taxes collected in excess of the Revenue Estimating Conference's wine gallonage tax estimate, up to \$75,000, to be deposited in the Grape and Wine Development Fund. This Bill allows any wine gallonage taxes collected in excess of the previous year's collections, up to \$75,000, to be deposited in the Grape and Wine Development Fund.
- Creates a Class B and Class C native retail wine permit with an annual fee of \$25. The Class B native retail wine permit is for off-premises consumption and allows gift shops or other tourist-related businesses to sell only Iowa wine. The Class C native retail wine permit allows businesses to sell Iowa wine for on or off-premises consumption, and allows an Iowa winery to obtain one Class C native retail wine permit for on-premises consumption. Specifies the application process for a Class B or Class C native retail wine permit is the same as the application process for other types of wine permits.
- The annual allocation from the wholesale wine gallonage taxes to the Grape and Wine Development Fund will not exceed \$75,000 per year. An allocation will occur only if the wine gallonage tax revenues exceed the previous year's wine tax collections. It is difficult to determine the number of businesses that will apply for a native retail wine permit, but the increase in revenue from the permit fee is expected to be minimal.
- The deposit of funds from the wine gallonage tax into the Grape and Wine Development Fund is retroactive to July 1, 2002, if there is an increase over the previous year. The maximum deposit would be \$75,000.